

DEBTOR: Marion Energy Inc

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NUMBER: 14-31632

**Form 2-A
COVER SHEET**

For Period Ending November 30 2014

Accounting Method: ☒ Accrual Basis ☐ Cash Basis

THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each
Required Document:

Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: December 15, 2014

Print Name: Karel Louman

Signature: 

Title: Chief Financial Officer

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: Nov 1 2014 to Nov 30 2014

CASH FLOW SUMMARY

	<u>Current Month</u>	<u>Accumulated</u>
1. Beginning Cash Balance	\$ 5,745.76 (1)	\$ 5,745.76 (1)
2. Cash Receipts		
Operations	0.00	0.00
Sale of Assets	0.00	0.00
Loans/advances	500,000.00	500,000.00
Other	0.00	0.00
Total Cash Receipts	\$ 500,000.00	\$ 500,000.00
3. Cash Disbursements		
Operations	386,810.88	386,810.88
Debt Service/Secured loan payment	0.00	0.00
Professional fees/U.S. Trustee fees	0.00	0.00
Other	0.00	0.00
Total Cash Disbursements	\$ 386,810.88	\$ 386,810.88
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	113,189.12	113,189.12
5 Ending Cash Balance (to Form 2-C)	\$ 118,934.88 (2)	\$ 118,934.88 (2)

CASH BALANCE SUMMARY

	<u>Financial Institution</u>	<u>Book Balance</u>
Petty Cash		\$ 0
DIP Operating Account	<u>Wells Fargo Bank 9882</u>	118,934.88
DIP State Tax Account		0.00
DIP Payroll Account		0.00
Other Operating Account	<u>Wells Fargo Bank 6042</u>	0.00
Other Operating Account	<u>Wells Fargo Bank 0277</u>	0.00
Other Interest-bearing Account	<u>Wells Fargo Bank 7247</u>	0.00
TOTAL (must agree with Ending Cash Balance above)		\$ 118,934.88 (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case.

Current month beginning cash balance should equal the previous month's ending balance.

(2) All cash balances should be the same.

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: _Nov 1 2014_____ to __Nov 30 2014_____

CASH RECEIPTS DETAIL

(attach additional sheets as necessary)

Account No:

Wells Fargo Bank 9882

Date	Payer	Description	Amount
11/6/2014	TCS II (Castlelake)	DIP Loan	\$ 500,000.00

Total Cash Receipts

\$ 500,000.00 (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 1

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Rev. 12/10/2009

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: Nov 1 2014 to Nov 30 2014

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No:

Wells Fargo Bank 9882

Date	Check No.	Payee	Description (Purpose)	Amount
11/6/2014	WT Fed#02377	Leland Endsley	Travel	\$ 2,500.00
11/12/2014	WT Fed#01769	GE Oil & Gas Artificial Life	Pump	54,892.14
11/12/2014	WT Fed#01778	Clear Creek Homeowners Ass	Annual ROW and Road Use	50,000.00
11/12/2014	43505700	The Guardian	Dental, Vision, & Life Insurance	2,932.95
11/13/2014	1001	JW Power	Compressor Rental	18,711.33
11/13/2014	1002	CentraCom	Telephone	52.90
11/13/2014	1003	Brown Insurance Services	Annual Bond Payment	3,000.00
11/13/2014	1004	Time Warner Business	Telephones & Internet	824.80
11/13/2014	1005	CubeSmart	Storage	198.00
11/13/2014	141114	Wells Fargo Payroll	Payroll Fees	87.75
11/13/2014	141114	Wells Fargo Payroll	Payroll Taxes	15,027.50
11/13/2014	141114	Wells Fargo Payroll	Net Payroll to employees	59,125.69
11/13/2014	WT Fed#53325	Thomas Petroleum	Fuel	4,000.00
11/13/2014	WT Fed#06446	Enviro Rehab	Generator Rental	5,940.85
11/13/2014	WT Fed#06469	Gollob Morgan Peddy	Accounting Services	6,400.00
11/14/2014	WT Fed#02625	Stevenson Well Service	Workover Rig Service	30,000.00
11/17/2014	1006	Clear Creek Homeowners Ass	Reimburse Expenses	1,671.49
11/17/2014	1007	Clark Rasmussen	Contract Labor	995.00
11/17/2014	1008	Darvel Earl	Reimburse Expenses	430.09
11/17/2014	1009	Enviro Rehab	Misc Repairs & Parts	3,934.17
11/18/2014	1010	Enviro Rehab	Snow Removal	4,600.00
11/18/2014	111714	Harland Clarke	Check Order	172.33
11/18/2014	WT Fed#05770	Leland Endsley	Travel	2,500.00
11/18/2014	WT Fed#08607	US Dept of Interior-ONRR	Lease Rentals	1,257.00
11/18/2014	WT Fed#09029	Timothy Dart	Contract Labor	1,100.00
11/18/2014	WT Fed#09113	Folsom Associates	Pump Repairs	7,132.24
11/24/2014	WT Fed#02136	Stevenson Well Service	Workover Rig Service	10,000.00
11/24/2014	1011	Weatherford ALS	Pump Repairs	11,977.88
11/24/2014	1012	US Dept of Interior-ONRR	Delay Rentals	333.50
11/24/2014	1013	Darvel Earl	Truck Allowance	1,000.00
11/24/2014	1014	David Smith	Truck Allowance	1,500.00
11/25/2014	WT Fed#09790	Karel Louman	Travel	1,268.70
11/25/2014	WT Fed#08052	Enviro Rehab	Equipment Repairs, Snow Removal	9,062.87
11/13/2014	141128	Wells Fargo Payroll	Payroll Fees	87.75
11/13/2014	141128	Wells Fargo Payroll	Payroll Taxes	14,968.22
11/13/2014	141128	Wells Fargo Payroll	Net Payroll to employees	59,125.73

Total Cash Disbursements \$ 386,810.88 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 1

Marion Energy Inc
Bank Reconciliation
November 2014

		Acct 9882	Acct 7247 (1)	Acct 0277 (1)
Balance per General Ledger		118,934.88	-	0
Outstanding Items:				
Weatherford ALS	1011	11,977.88		
ONRR	1012	333.50		
Darvel Earl	1013	1,000.00		
David Smith	1014	1,500.00		
WF DACA Service Charge			(275.00)	
		<u>14,811.38</u>	<u>(275.00)</u>	<u>-</u>
Balance per bank		<u>133,746.26</u>	<u>(275.00)</u>	<u>-</u>

Note: This account is not yet closed due to a control agreement that is in place. Marion is in the process of requesting TCS II release the control agreement in order to close these accounts. The credit balance in acct 7247 relates to DACA fees for the month of Nov 2014. Funds were transferred to this account to cover the fees on 12/01/14.

Analyzed Business CheckingAccount number: **49882** ■ November 6, 2014 - November 30, 2014 ■ Page 1 of 3**WELLS
FARGO**

MARION ENERGY INC
OPERATING ACCOUNT
DEBTOR IN POSSESSION
CH 11 CASE # 14-31632 (UT)
2150 S CENTRAL EXPY STE 380
MCKINNEY TX 75070-4068

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (808)
McKinney Towne Crossing
8990 State Hwy 121
McKinney, TX 75070

Account summary**Analyzed Business Checking**

Account number	Beginning balance	Total credits	Total debits	Ending balance
49882	\$0.00	\$505,745.76	-\$371,999.50	\$133,746.26

Credits**Electronic deposits/bank credits**

Effective date	Posted date	Amount	Transaction detail
	11/06	5,702.62	Checking Opening Deposit
	11/06	500,000.00	WT Seq111330 Castlake II Lp /Org=Castlake Lp Srf# IN14110612105157 Trn#141106111330 Rfb# 000023814
	11/13	43.14	Deposit Made In A Branch/Store
		\$505,745.76	Total electronic deposits/bank credits
		\$505,745.76	Total credits

Debits**Electronic debits/bank debits**

Effective date	Posted date	Amount	Transaction detail
	11/06	2,500.00	WT Fed#02377 Jpmorgan Chase Ban /Ftr/Bnf=Leland Endsley Srf# 0072349310177068 Trn#141106134792 Rfb#
	11/12	54,892.14	WT Fed#01769 Jpmorgan Chase Ban /Ftr/Bnf=GE Oil and Gas Artificial Lift Srf# 0072349314173998 Trn#141112088286 Rfb#
	11/12	50,000.00	WT Fed#01778 Central Bank /Ftr/Bnf=Clear Creek Homeowners Assn Srf# 0072349314994998 Trn#141112088327 Rfb#
	11/12	2,932.95	The Guardian Nov Gp Ins Nov 01 43505700Zzd0000 Marion Energy Inc
	11/13	87.75	Marion Energy IN WF Payroll 141114 7135756 Payroll Invoice
	11/13	15,027.50	Wells Fargo Busi Tax Col Payroll Allen 7135756
	11/13	59,125.69	Marion Energy IN WF Payroll 141114 7135756 Payroll DD

Account number: 19882 November 6, 2014

WELLS
FARGO**Electronic debits/bank debits (continued)**

Effective date	Posted date	Amount	Transaction detail
	11/13	4,000.00	WT Seq#53325 Thomas Petroleum, LLC - /Bnf=Thomas Petroleum, LLC - West Divis Srf# 0072349317915729 Trn#141113053325 Rfb#
	11/13	5,940.85	WT Fed#06446 Zions First Nation /Ftr/Bnf=Dave's Enviro Rehab Srf# 0072349317195729 Trn#141113053361 Rfb#
	11/13	6,400.00	WT Fed#06469 Southside Bank /Ftr/Bnf=Gollob Morgan and Peddy Srf# 0072349317796729 Trn#141113053432 Rfb#
	11/14	30,000.00	WT Fed#02625 Zions First Nation /Ftr/Bnf=Steven Well Service, Inc. Srf# 0072349318355449 Trn#141114161446 Rfb#
	11/18	172.33	Harland Clarke Check/Acc. 111714 00723497575482 Marion Energy Inc
	11/18	2,500.00	WT Fed#05770 Jpmorgan Chase Ban /Ftr/Bnf=Leland Endsley Srf# IN14111808202735 Trn#141118054820 Rfb# 000000245
	11/18	1,257.00	WT Fed#08607 Treas NYC Funds Tr /Ftr/Bnf=US Dept of The Interior, Office of Srf# IN14111808590038 Trn#141118063021 Rfb# 000000246
	11/18	1,100.00	WT Fed#09029 East Idaho Credit /Ftr/Bnf=Timothy J Dart Srf# IN14111809040115 Trn#141118064335 Rfb# 000000247
	11/18	7,132.24	WT Fed#09113 US Bank, NA /Ftr/Bnf=Folsom Associates Srf# IN14111811040540 Trn#141118094700 Rfb# 000000248
	11/24	10,000.00	WT Fed#02136 Zions First Nation /Ftr/Bnf=Stevenson Well Service Srf# IN14112409143082 Trn#141124083940 Rfb# 000000249
	11/25	1,268.70	WT Fed#09790 Jpmorgan Chase Ban /Ftr/Bnf=Karel Louman Srf# IN14112507113736 Trn#141125052673 Rfb# 000000250
	11/25	9,062.87	WT Fed#08052 Zions First Nation /Ftr/Bnf=Dave's Enviro Rehab Srf# IN14112508482456 Trn#141125077185 Rfb# 000000251
	11/26	87.75	Marion Energy IN WF Payroll 141128 7135756 Payroll Invoice
	11/26	14,968.22	Wells Fargo Busi Tax Col Payroll Allen 7135756
	11/26	59,125.73	Marion Energy IN WF Payroll 141128 7135756 Payroll DD
		\$337,581.72	Total electronic debits/bank debits

Checks paid

Number	Amount	Date	Number	Amount	Date	Number	Amount	Date
1001	18,711.33	11/17	1005	198.00	11/17	1008	430.09	11/24
1002	52.90	11/18	1006	1,671.49	11/21	1009	3,934.17	11/25
1003	3,000.00	11/19	1007	995.00	11/24	1010	4,600.00	11/25
1004	824.80	11/19						
		\$34,417.78	Total checks paid					
		\$371,999.50	Total debits					

Daily ledger balance summary

Date	Balance	Date	Balance	Date	Balance
11/06	503,202.62	11/17	255,929.55	11/24	226,793.70
11/12	395,377.53	11/18	243,715.08	11/25	207,927.96
11/13	304,838.88	11/19	239,890.28	11/26	133,746.26
11/14	274,838.88	11/21	238,218.79		
Average daily ledger balance		\$273,531.22			

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" stacked vertically in a serif font, enclosed within a dark rectangular border.

NOTICE: Wells Fargo Bank, N.A. may furnish information about accounts belonging to individuals, including sole proprietorships, to consumer reporting agencies. If this applies to you, you have the right to dispute the accuracy of information that we have reported by writing to us at: Overdraft Collections and Recovery PO Box 5058 Portland, OR. 97208-5058. You must describe the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that relates to an identity theft, you will need to provide us with an identity theft report.

Commercial Checking Account

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**WELLS
FARGO**Account number: **6042** ■ November 1, 2014 - November 30, 2014 ■ Page 1 of 1

MARION ENERGY INC
2150 S CENTRAL EXPY STE 380
MCKINNEY TX 75070-4068

Questions?

Call your Customer Service Officer or Client Services
1-800-AT WELLS (1-800-289-3557)
5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (808)
Dallas Energy
PO Box 63020
San Francisco, CA 94163

Account summary**Commercial Checking Account**

Account number	Beginning balance	Total credits	Total debits	Closing balance
26042	\$5,544.89	\$594.68	-\$6,139.57	\$0.00

Credits**Electronic deposits/bank credits**

Effective date	Posted date	Amount	Transaction detail
	11/17	594.68	Client Analysis Srvc Chrg 141114 Rev Chge 1014 000002528226042
		\$594.68	Total electronic deposits/bank credits
		\$594.68	Total credits

Debits**Electronic debits/bank debits**

Effective date	Posted date	Amount	Transaction detail
11/06	11/07	5,544.89	Withdrawal Made In A Branch/Store
	11/12	594.68	Client Analysis Srvc Chrg 141110 Svc Chge 1014 000002528226042
	11/26	0.00	Payoff Debit, Non-Interest Without Fee
		\$6,139.57	Total electronic debits/bank debits
		\$6,139.57	Total debits

Daily ledger balance summary

Date	Balance	Date	Balance	Date	Balance
10/31	5,544.89	11/12	-594.68	11/26	0.00
11/07	0.00	11/17	0.00		
Average daily ledger balance		\$825.03			

WellsOne® Account

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Account number: .0277 ■ November 1, 2014 - November 30, 2014 ■ Page 1 of 1

**WELLS
FARGO**

MARION ENERGY INC
2150 S CENTRAL EXPY STE 380
MCKINNEY TX 75070-4068

Questions?

Call your Customer Service Officer or Client Services
1-800-AT WELLS (1-800-289-3557)
5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (182)
PO Box 63020
San Francisco, CA 94163

Account summary**WellsOne® Account**

Account number	Beginning balance	Total credits	Total debits	Ending balance
.0277	\$157.73	\$362.05	-\$519.78	\$0.00

Credits**Electronic deposits/bank credits**

Effective date	Posted date	Amount	Transaction detail
	11/17	362.05	Client Analysis Srvc Chrg 141114 Rev Chge 1014 000004120760277
		\$362.05	Total electronic deposits/bank credits
		\$362.05	Total credits

Debits**Electronic debits/bank debits**

Effective date	Posted date	Amount	Transaction detail
11/06	11/07	157.73	Withdrawal Made In A Branch/Store
	11/12	362.05	Client Analysis Srvc Chrg 141110 Svc Chge 1014 000004120760277
		\$519.78	Total electronic debits/bank debits
		\$519.78	Total debits

Daily ledger balance summary

Date	Balance	Date	Balance
10/31	157.73	11/12	-362.05
11/07	0.00	11/17	0.00
Average daily ledger balance		-\$34.05	

Business High Yield Savings

Account number: 7247 ■ November 1, 2014 - November 30, 2014 ■ Page 1 of 3

WELLS
FARGO

MARION ENERGY INC
2150 S CENTRAL EXPY STE 380
MCKINNEY TX 75070-4068

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (808)
P.O. Box 6995
Portland, OR 97228-6995

Your Business and Wells Fargo

Wells Fargo Works for Small Business website

The Wells Fargo Works site offers free access to business information and advice through videos, articles, and other small business resources. This site offers objective information from industry experts, best practices from real business owners, as well as numerous Wells Fargo solutions that can help you run your business. Learn more about Wells Fargo Works at wellsfargoworks.com

Activity summary

Beginning balance on 11/1	\$43.14
Deposits/Credits	0.00
Withdrawals/Debits	- 318.14
Ending balance on 11/30	-\$275.00
Average ledger balance this period	\$17.25

Account number: 7247

MARION ENERGY INC

Texas/Arkansas account terms and conditions apply

For Direct Deposit use

Routing Number (RTN): 111900659

For Wire Transfers use

Routing Number (RTN): 121000248

Interest summary

Interest paid this statement	\$0.00
Average collected balance	\$17.25
Annual percentage yield earned	0.00%
Interest earned this statement period	\$0.00
Interest paid this year	\$770.59

Account number: 7247 ■ November 1, 2014 - November 30, 2014 ■ Page 2 of 3

WELLS
FARGO**Transaction history**

Date	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
11/14	Bank Originated Debit		43.14	0.00
11/28	Daca Maintenance Fee		275.00	-275.00
Ending balance on 11/30				-275.00
Totals		\$0.00	\$318.14	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

Monthly service fee summary

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to wellsfargo.com/feefaq to find answers to common questions about the monthly service fee on your account.

Fee period 11/01/2014 - 11/30/2014 Standard monthly service fee \$20.00 You paid \$0.00

The bank has waived, or partially waived, the fee for this fee period. For the next fee period, you need to meet the requirement(s) to avoid the monthly service fee.

How to avoid the monthly service fee	Minimum required	This fee period
Have any ONE of the following account requirements		
· Minimum daily balance	\$25,000.00	\$0.00 <input type="checkbox"/>
· Average collected balance	\$50,000.00	\$17.00 <input type="checkbox"/>

VP/P



■ **Notice:** Wells Fargo Bank, N.A. may furnish information about accounts belonging to individuals, including sole proprietorships, to consumer reporting agencies. If this applies to you, you have the right to dispute the accuracy of information that we have reported by writing to us at: Overdraft Collections and Recovery, P.O. Box 5058, Portland, OR 97208-5058.

You must describe the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that relates to an identity theft, you will need to provide us with an identity theft report.

1. Use the following worksheet to calculate your overall account balance.
2. Go through your register and mark each check, withdrawal, ATM transaction, payment, deposit or other credit listed on your statement. Be sure that your register shows any interest paid into your account and any service charges, automatic payments or ATM transactions withdrawn from your account during this statement period.
3. Use the chart to the right to list any deposits, transfers to your account, outstanding checks, ATM withdrawals, ATM payments or any other withdrawals (including any from previous months) which are listed in your register but not shown on your statement.

A. The ending balance
shown on your statement \$ _____

B. Any deposits listed in your register or transfers into your account which are not shown on your statement.

	\$ _____
	\$ _____
	\$ _____
	+ \$ _____
..... TOTAL \$

(Add Parts A and B)

.....TOTAL \$

C. The total outstanding checks and withdrawals from the chart above - \$ _____

(Part A + Part B - Part C)

This amount should be the same as the current balance shown in your check register

[illegible]

Form 2-C
COMPARATIVE BALANCE SHEET
For Period Ended: November 30 2014

	Current Month	Petition Date (1)
ASSETS		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 118,934.88	\$ 5,745.76
Accounts Receivable (from Form 2-E)	0.00	0.00
Receivable from Officers, Employees, Affiliates	0.00	0.00
Inventory	0.00	0.00
Other Current Assets :(List)		
<u>Deposits</u>	45,184.80	45,184.80
<u>Prepaid Expenses</u>	84,416.79	124,117.77
<u>Accrued Revenue Receivable</u>	12,317.00	6,671.00
Total Current Assets	<u>\$ 260,853.47</u>	<u>\$ 181,719.33</u>
Fixed Assets:		
Land	\$ 0.00	\$ 0.00
Building	0.00	0.00
Equipment, Furniture and Fixtures	114,183.92	114,183.92
Total Fixed Assets	<u>114,183.92</u>	<u>114,183.92</u>
Less: Accumulated Depreciation	(56,964.34)	(55,349.67)
Net Fixed Assets	<u>\$ 57,219.58</u>	<u>\$ 58,834.25</u>
Other Assets (List):		
<u>Net Oil & Gas Properties</u>	85,028,722.36	84,821,926.23
<u>Bond Deposits</u>	995,930.00	995,930.00
TOTAL ASSETS	<u>\$ 86,342,725.41</u>	<u>\$ 86,058,409.81</u>
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 275.00	\$ 0
Post-petition Accrued Profesional Fees (from Form 2-E)	0.00	0
Post-petition Taxes Payable (from Form 2-E)	0.00	0
Post-petition Notes Payable	1,226,682.62	0
Other Post-petition Payable(List):		
<u>Accrued Revenue Payable</u>	1,298.00	0
<u>Asset Retirement Obligation</u>	2,884.18	0
Total Post Petition Liabilities	<u>\$ 1,231,139.80</u>	<u>\$ 0</u>
Pre Petition Liabilities:		
Secured Debt	34,441,393.64	34,441,393.64
Priority Debt	0.00	0.00
Unsecured Debt	128,973,608.60	128,972,704.35
Total Pre Petition Liabilities	<u>\$ 163,415,002.24</u>	<u>\$ 163,414,097.99</u>
TOTAL LIABILITIES	<u>\$ 164,646,142.04</u>	<u>\$ 163,414,097.99</u>
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 2,910,088.00	\$ 2,910,088.00
Retained Earnings - Prepetition	-80,265,776.18	-80,265,776.18
Retained Earnings - Post-petition	-947,728.45	0.00
TOTAL OWNERS' EQUITY	<u>\$ -78,303,416.63</u>	<u>\$ -77,355,688.18</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u>\$ 86,342,725.41</u>	<u>\$ 86,058,409.81</u>

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-D
PROFIT AND LOSS STATEMENT

For Period Nov 1 2014 to Nov 30 2014

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 5,279.94	\$ 5,279.94
Less: Discounts, Returns and Allowances	(0.00)	(0.00)
Net Operating Revenue	\$ 5,279.94	\$ 5,279.94
Cost of Goods Sold	0.00	0.00
Gross Profit	\$ 5,279.94	\$ 5,279.94
Operating Expenses		
Officer Compensation	\$ 45,000.00	\$ 45,000.00
Selling, General and Administrative	88,836.30	88,836.30
Rents and Leases	8,918.07	8,918.07
Depreciation, Depletion and Amortization	6,005.45	6,005.45
Other (list): <u>Lease Operating Expenses</u>	77,565.95	77,565.95
	0.00	0.00
Total Operating Expenses	\$ 226,325.77	\$ 226,325.77
Operating Income (Loss)	\$ -221,045.83	\$ -221,045.83
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0.00	\$ 0.00
Gains (Losses) on Sale of Assets	0.00	0.00
Interest Income	0.00	0.00
Interest Expense	-726,682.62	-726,682.62
Other Non-Operating Income	0.00	0.00
Net Non-Operating Income or (Expenses)	\$ -726,682.62	\$ -726,682.62
Reorganization Expenses		
Legal and Professional Fees	\$ 0.00	\$ 0.00
Other Reorganization Expense	0.00	0.00
Total Reorganization Expenses	\$ 0.00	\$ 0.00
Net Income (Loss) Before Income Taxes	\$ -947,728.45	\$ -947,728.45
Federal and State Income Tax Expense (Benefit)	0.00	0.00
NET INCOME (LOSS)	\$ -947,728.45	\$ -947,728.45

(1) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-E
SUPPORTING SCHEDULES
For Period: Nov 1 2014 to Nov 30 2014

POST PETITION TAXES PAYABLE SCHEDULE

	<u>Beginning Balance (1)</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>Check Number</u>	<u>Ending Balance</u>
Income Tax Withheld:						
Federal	\$ 0	\$ 20,549.88	\$ 20,549.88	Debited by WF Payroll	\$	0
State	0	2,319.96	2,319.96	Debited by WF Payroll		0
FICA Tax Withheld	0	3,645.84	3,645.84	Debited by WF Payroll		0
Employer's FICA Tax	0	3,420.84	3,420.84	Debited by WF Payroll		0
Unemployment Tax						
Federal	0	0.00	0.00			0
State	0	59.20	59.20	Debited by WF Payroll		0
Sales, Use & Excise Taxes	0	0.00	0.00			0
Property Taxes	0	0.00	0.00			0
Accrued Income Tax:						
Federal	0	0.00	0.00			0
State	0	0.00	0.00			0
Other: _____	0	0.00	0.00			0
TOTALS	\$ <u>0</u>	\$ 29,995.72	\$ 29,995.72		\$ <u>0</u>	

(1) For first report, Beginning Balance will be \$0; thereafter, Beginning Balance will be Ending Balance from prior report.

INSURANCE SCHEDULE

	<u>Carrier</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Premium Paid Through</u>
Workers' Compensation	Travelers Casualty Ins Co	\$ Statutory	1/24/2015	1/24/2015
General Liability	St Paul Fire & Marine Ins	\$ 2,000,000	1/24/2015	1/24/2015
Property (Fire, Theft)	St Paul Fire & Marine Ins	\$ 3,040,594	1/24/2015	1/24/2015
Vehicle	St Paul Fire & Marine Ins	\$ 1,000,000	1/24/2015	1/24/2015
Umbrella Liability	St Paul Fire & Marine Ins	\$ 10,000,000	1/24/2015	1/24/2015
Control of Well	Travelers Property Casualt	\$ 4,000,000	5/4/2015	5/4/2015
Directors & Officers	AIG Europe	\$ 10,000,000	8/31/2014	8/31/2014

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

**Form 2-E
SUPPORTING SCHEDULES**

For Period: Nov 1 2014 to Nov 30 2014

ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 0.00	\$ 275.00
30 to 60 days	0.00	0.00
61 to 90 days	0.00	0.00
91 to 120 days	0.00	0.00
Over 120 days	0.00	0.00
Total Post Petition	<u>0.00</u>	
Pre Petition Amounts	<u>0.00</u>	
Total Accounts Receivable	\$ <u>0.00</u>	
Less: Bad Debt Reserve	<u>0.00</u>	
Net Accounts Receivable (to Form 2-C)	<u>\$ 0.00</u>	
	Total Post Petition Accounts Payable	<u>\$ 275.00</u>

** Attach a detail listing of accounts receivable and post-petition accounts payable*

SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS

	<u>Month-end Retainer Balance</u>	<u>Current Month's Accrual</u>	<u>Paid in Current Month</u>	<u>Date of Court Approval</u>	<u>Month-end Balance Due *</u>
Debtor's Counsel	\$ 0	\$ 0	\$ 0		\$ 0
Counsel for Unsecured Creditors' Committee	0	0	0		0
Trustee's Counsel	0	0	0		0
Accountant	0	0	0		0
Other:	0	0	0		0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 0</u>

*Balance due to include fees and expenses incurred but not yet paid.

SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES**

<u>Payee Name</u>	<u>Position</u>	<u>Nature of Payment</u>	<u>Amount</u>
Karel Louman	CFO	Travel Expense	\$ 1,268.70
Karel Louman	CFO	November Salary	25,000.00
Jeffrey Clarke	CEO	November Salary	30,000.00

**List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director.

DEBTOR: Marion Energy Inc CASE NO: 14-31632

Form 2-F
QUARTERLY FEE SUMMARY *
For the Month Ended: Nov 2014

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	_____ \$	0			
February	_____ \$	0			
March	_____ \$	0			
TOTAL 1st Quarter	\$	<u>0</u> \$			
April	_____ \$	0			
May	_____ \$	0			
June	_____ \$	0			
TOTAL 2nd Quarter	\$	<u>0</u> \$			
July	_____ \$	0			
August	_____ \$	0			
September	_____ \$	0			
TOTAL 3rd Quarter	\$	<u>0</u> \$			
October	_____ \$	0			
November	_____ \$	386,810.88			
December	_____ \$	0			
TOTAL 4th Quarter	\$	386,810.88 \$			

FEE SCHEDULE (as of JANUARY 1, 2008)

Subject to changes that may occur to 28 U.S.C. §1930(a)(6)

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	\$30,000

* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

** Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-G
NARRATIVE
For Period Ending November 30, 2014

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

Operations: The Debtor commenced de-watering the gas wells at Clear Creek Field. The water levels are decreasing and gas production has come online.

Legal: The Debtor successfully defended against TCS's motion to dismiss for bad faith. Because of the extensive discovery sought by TCS in the matter, the Debtor incurred legal fees that will come due in the following months in excess of the Debtor's retainer on file. All such fees are subject to Court approval pursuant to the Order granting the Debtor's Application to Retain Parsons Behle & Latimer as attorneys for the Debtor. The Debtor will revise its operating DIP budget and staffing plan in consultation with its counsel.

The Debtor's motion to authorize post-petition financing was denied to the extent it sought to grant the proposed lender a priming lien under section 364(d). The Debtor is unable to find funding for its operations on a subordinated basis. The Debtor has filed a motion for reconsideration and is hopeful that the Court will grant it the ability to borrow on a first-priority basis. If the Court does not grant the motion for reconsideration and allow the Debtor to incur post-petition financing on a first-priority basis, the Debtor will likely have to cease operations.